

FILED

JUL 23 2014

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF ILLINOIS

CLERK, U.S. DISTRICT COURT
SOUTHERN DISTRICT OF ILLINOIS
EAST ST. LOUIS OFFICE

UNITED STATES OF AMERICA,)

Plaintiff,)

vs.)

Criminal No. 14-30136-MJR

FAWAZ SEBAI,)

also known as "Frank Sebag,")

Title 18, United States Code, Sections 1341

VASSILIOS KLOUVATOS,)

1343, and 1349

also known as "Billy Klouvatos," and)

LEFKOTHEA KLOUVATOS,)

also known as "Thea Klouvatos,")

Defendants.)

INDICTMENT

THE GRAND JURY CHARGES:

Introduction

1. Beginning on or about September of 2012, and continuing until on or about July 25, 2013, defendants, **FAWAZ SEBAI**, also known as "Frank Sebag," **VASSILIOS KLOUVATOS**, also known as "Billy Klouvatos," owned and operated a telemarketing business located in Quebec, Canada. Defendant **LEFKOTHEA KLOUVATOS**, also known as "Thea Klouvatos," managed the call center for this telemarketing business.

2. During that time, **FAWAZ SEBAI**, **VASSILIOS KLOUVATOS**, **LEFKOTHEA KLOUVATOS**, and other individuals known and unknown to the Grand Jury conducted a fraudulent scheme which targeted elderly and infirm residents of the United States.

3. Using Leads lists, or Call lists, telephone calls were placed from the defendants' call center to elderly and infirm individuals residing in the United States. When the victims

answered their phones, the telemarketers employed and managed by the defendants said that they were calling from AFD Medical Advisors (“AFD”) or Clinacall. The callers then stated that they were calling to enroll the victims in a prescription drug discount program.

4. During these calls, the telemarketers often falsely stated or implied that they were affiliated with programs operated by the United States Government, such as Social Security or Medicare. The callers also frequently led the victims to believe that they were required to purchase this prescription drug discount program in order to continue receiving their Social Security and Medicare.

5. Frequently, the telemarketers also falsely told the victims that information about their new discount medical cards had been mailed to the victims a couple of weeks before. The telemarketers then asked the victims whether they had received that information. When the victims responded that they had not received the information in the mail, the telemarketers stated that they needed to have that information because “right now” the victims were not registered for their new health cards.

6. The telemarketers often falsely promised the victims that they would receive discounts of up to 75% off the prices they were currently paying for their prescription drugs.

7. The telemarketers then quoted the victims a “one-time” fee, typically \$299, for this program. Often, the callers told the victims that this amount was a discounted price from what the victims had been paying before. This statement was false, because the victims had never previously had any interactions with AFD, Clinacall, or any business affiliated with the telemarketers.

8. After the initial sales pitch, the telemarketers instructed the victims to retrieve their check books and to provide their account and bank routing numbers. The telemarketers

often falsely told the victims that they needed the victims' account information to make sure that the victims were still eligible to receive their new health cards.

9. The telemarketers then stated that, for the victims' "protection," they needed to record a verification. In truth, these verifications were required by the banking system in order for AFD and Clinacall to be able to take money from the victims' accounts through remotely created checks. Prior to the recordings, the telemarketers usually instructed the victims on how to answer the questions. During the recordings, the victims were asked to acknowledge things that contradicted what they'd initially been told by the telemarketers, such as that AFD and Clinacall were not affiliated with any government programs. If the victims did not give answers which were sufficient to authorize charges against their bank accounts, the telemarketers came back on the line and told the victims that they would have to re-do the recording and again coached the victims on how to answer.

10. Using the banking information provided by the victims over the phone, other participants in the scheme created demand drafts, also known as remotely created checks. On the signature lines of the checks, the following words were printed: "This check authorized by your depositor – **No Signature Required.**"

11. The demand drafts drawn on the victims' accounts were deposited into accounts in the names of AFD, AMG Associates, LLC, and CAL Consulting, LLC, doing business as "Clinacall," located at banks in the United States. After the checks were deposited, the majority of the funds were wire transferred to intermediate accounts in the United States. One of these intermediate accounts was in the name of Park 295 Corp.

12. From the intermediate accounts, the fraud proceeds were wire transferred to Canadian bank accounts that were controlled by participants in the fraud scheme. Two of these

accounts were in the name of "9210-7838 Quebec, Inc.," which was a Canadian corporation owned and controlled by defendant **SEBAI**.

13. After their accounts were debited, the victims typically received a package, through the United States mail, from AFD or Clinacall. These packages typically included a prescription drug discount card, such as "YourRxCard" or "RxRelief," along with a list of participating pharmacies that purportedly accepted the cards. These cards are available to consumers, free of charge, on public websites. In addition, these cards typically provided no discount benefits to individuals insured by either Medicare or private insurance companies.

14. Some of the packages received by the victims also included forms which could be used to apply to drug manufacturers for free or reduced price drugs based upon financial hardship. Once again, these forms were available for free on public websites. In addition, the drug manufacturers typically do not provide drugs for free to individuals who are insured by Medicare or private insurance companies.

15. For a period of time, the telemarketers who worked for the scheme were also instructed to sell a fraud protection service known as "Legal Eye." The telemarketers were instructed to market Legal Eye to the same victims who had purchased the schemes' prescription drug discount cards. In marketing this product, the telemarketers made misrepresentations to the victims, including that "red flags" had appeared on the victims' "accounts" regarding possible recent frauds.

16. During its period of operation, the scheme to defraud victimized over 5,000 people spread across the United States. At least seven victims of the scam were located within the Southern District of Illinois. The scheme defrauded the victims out of a total of more than \$1,000,000.

COUNT 1

Conspiracy to Commit Mail and Wire Fraud – 18 U.S.C. §1349

17. Beginning on or about September of 2012, and continuing until at least July 25, 2013, in the Illinois counties of St. Clair, Madison, Marion, Saline, and Williamson, within the Southern District of Illinois, and elsewhere, the defendants,

**FAWAZ SEBAI, also known as “Frank Sebag,”
VASSILIOS KLOUVATOS, also known as “Billy Klouvatos,” and
LEFKOTHEA KLOUVATOS, also known as “Thea Klouvatos,”**

and others both known and unknown to the Grand Jury, did knowingly and willfully combine, conspire, confederate and agree among themselves and each other to commit certain offenses against the United States, as follows:

A. To devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, and for the purpose of executing the scheme, and attempting so to do, knowingly to cause mail matter and other documents to be sent and delivered by the United States Postal Service and commercial interstate carrier to and from residences within the United States, including the Southern District of Illinois, in violation of Title 18, United States Code, Section 1341.

B. To devise a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, and for the purpose of executing the scheme, and attempting so to do, knowingly to cause interstate and foreign telephone calls, electronic fund transfers, and other signals to be transmitted in interstate and foreign commerce by means of wire and radio communication, in violation of Title 18, United States Code, Section 1343.

18. In furtherance of and as a foreseeable consequence of the conspiracy, participants in the scheme caused contracts and other documents to be transmitted by U.S. Mail and commercial interstate carrier to the Southern District of Illinois.

19. In furtherance of and as a foreseeable consequence of the conspiracy, participants in the scheme caused foreign telephone calls to be placed to the Southern District of Illinois.

All in violation of Title 18, United States Code, Section 1349.

The offense occurred in connection with the conduct of telemarketing, in violation of the SCAMS Act, punishable under Title 18, United States Code, Section 2326.

COUNT 2

Wire Fraud – 18 U.S.C. §1343

1. Paragraphs 1 through 17 of Count One of this indictment are realleged and incorporated herein as if fully set forth.

2. On or about October 15, 2012, in Saline County, within the Southern District of Illinois,

**FAWAZ SEBAI, also known as “Frank Sebag,”
VASSILIOS KLOUVATOS, also known as “Billy Klouvatos,” and
LEFKOTHEA KLOUVATOS, also known as “Thea Klouvatos,”**

defendants herein, for the purpose of executing the aforesaid scheme, and attempting to do so, knowingly did cause to be transmitted by means of a wire communication in foreign commerce from Canada, to Harrisburg, in the Southern District of Illinois, certain sounds, namely a telephone conversation in which Individual A was solicited to purchase a prescription drug discount card;

In violation of Title 18, United States Code, Section 1343.

The offense occurred in connection with the conduct of telemarketing, in violation of the SCAMS Act, punishable under Title 18, United States Code, Section 2326.

COUNT 3

Mail Fraud – 18 U.S.C. §1341

1. Paragraphs 1 through 17 of Count One of this indictment are realleged and incorporated herein as if fully set forth.

2. On or about October 15, 2012, in Williamson County, within the Southern District of Illinois,

**FAWAZ SEBAI, also known as “Frank Sebag,”
VASSILIOS KLOUVATOS, also known as “Billy Klouvatos,” and
LEFKOTHEA KLOUVATOS, also known as “Thea Klouvatos,”**

defendants herein, for the purpose of executing the aforesaid scheme, and attempting to do so, knowingly did cause to be placed in an authorized depository for mail matter, to be sent and delivered by the United States Postal Service, an envelope containing a prescription drug discount card, that envelope being addressed to: Individual B, at an address on West Broadway, in Johnson City, Illinois 62951.

In violation of Title 18, United States Code, Section 1341.

The offense occurred in connection with the conduct of telemarketing, in violation of the SCAMS Act, punishable under Title 18, United States Code, Section 2326.

COUNT 4

Mail Fraud – 18 U.S.C. §1341

1. Paragraphs 1 through 17 of Count One of this indictment are realleged and incorporated herein as if fully set forth.

2. On or about October 22, 2012, in Williamson County, within the Southern District of Illinois,

FAWAZ SEBAI, also known as “Frank Sebag,”
VASSILIOS KLOUVATOS, also known as “Billy Klouvatos,” and
LEFKOTHEA KLOUVATOS, also known as “Thea Klouvatos,”

defendants herein, for the purpose of executing the aforesaid scheme, and attempting to do so, knowingly did cause to be placed in an authorized depository for mail matter, to be sent and delivered by the United States Postal Service, an envelope containing a prescription drug discount card, that envelope being addressed to: Individual C, at an address on Cherry Bark, in Carterville, Illinois 62918.

In violation of Title 18, United States Code, Section 1341.

The offense occurred in connection with the conduct of telemarketing, in violation of the SCAMS Act, punishable under Title 18, United States Code, Section 2326.

COUNT 5

Wire Fraud – 18 U.S.C. §1343

1. Paragraphs 1 through 17 of Count One of this indictment are realleged and incorporated herein as if fully set forth.

2. On or about October 24, 2012, in St. Clair County, within the Southern District of Illinois,

FAWAZ SEBAI, also known as “Frank Sebag,”
VASSILIOS KLOUVATOS, also known as “Billy Klouvatos,” and
LEFKOTHEA KLOUVATOS, also known as “Thea Klouvatos,”

defendants herein, for the purpose of executing the aforesaid scheme, and attempting to do so, knowingly did cause to be transmitted by means of a wire communication in foreign commerce

from Canada, to Smithton, in the Southern District of Illinois, certain sounds, namely a telephone conversation in which Individual D was solicited to purchase a prescription drug discount card;

In violation of Title 18, United States Code, Section 1343.

The offense occurred in connection with the conduct of telemarketing, in violation of the SCAMS Act, punishable under Title 18, United States Code, Section 2326.

COUNT 6

Wire Fraud – 18 U.S.C. §1343

1. Paragraphs 1 through 17 of Count One of this indictment are realleged and incorporated herein as if fully set forth.

2. On or about November 18, 2012, in Madison County, within the Southern District of Illinois,

FAWAZ SEBAI, also known as “Frank Sebag,”
VASSILIOS KLOUVATOS, also known as “Billy Klouvatos,” and
LEFKOTHEA KLOUVATOS, also known as “Thea Klouvatos,”

defendants herein, for the purpose of executing the aforesaid scheme, and attempting to do so, knowingly did cause to be transmitted by means of a wire communication in foreign commerce from Canada, to Granite City, in the Southern District of Illinois, certain sounds, namely a telephone conversation in which Individual E was solicited to purchase a prescription drug discount card;

In violation of Title 18, United States Code, Section 1343.

The offense occurred in connection with the conduct of telemarketing, in violation of the SCAMS Act, punishable under Title 18, United States Code, Section 2326.

COUNT 7

Mail Fraud – 18 U.S.C. §1341

1. Paragraphs 1 through 17 of Count One of this indictment are realleged and incorporated herein as if fully set forth.

2. On or about November 20, 2012, in Marion County, within the Southern District of Illinois,

FAWAZ SEBAI, also known as “Frank Sebag,”
VASSILIOS KLOUVATOS, also known as “Billy Klouvatos,” and
LEFKOTHEA KLOUVATOS, also known as “Thea Klouvatos,”

defendants herein, for the purpose of executing the aforesaid scheme, and attempting to do so, knowingly did cause to be placed in an authorized depository for mail matter, to be sent and delivered by the United States Postal Service, an envelope containing a prescription drug discount card, that envelope being addressed to: Individual F, at an address on North Elm, in Centralia, Illinois 62801.

In violation of Title 18, United States Code, Section 1341.

The offense occurred in connection with the conduct of telemarketing, in violation of the SCAMS Act, punishable under Title 18, United States Code, Section 2326.

COUNT 8

Wire Fraud – 18 U.S.C. §1343

1. Paragraphs 1 through 17 of Count One of this indictment are realleged and incorporated herein as if fully set forth.

2. On or about February 19, 2013, in Madison County, within the Southern District of Illinois,

FAWAZ SEBAI, also known as "Frank Sebag,"
VASSILIOS KLOUVATOS, also known as "Billy Klouvatos," and
LEFKOTHEA KLOUVATOS, also known as "Thea Klouvatos,"

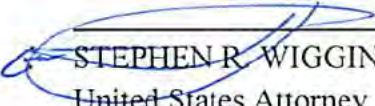
defendants herein, for the purpose of executing the aforesaid scheme, and attempting to do so, knowingly did cause to be transmitted by means of a wire communication in foreign commerce from Canada, to Highland, in the Southern District of Illinois, certain sounds, namely a telephone conversation in which Individual G was solicited to purchase a prescription drug discount card;


In violation of Title 18, United States Code, Section 1343.


The offense occurred in connection with the conduct of telemarketing, in violation of the SCAMS Act, punishable under Title 18, United States Code, Section 2326.

A TRUE BILL




STEPHEN R. WIGGINTON
United States Attorney


MICHAEL J. QUINLEY
Assistant United States Attorney


SCOTT A. VERSEMAN
Assistant United States Attorney

Recommended bond: _____ Detention _____